

Message Text

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PAGE 01 CARACA 04065 112317 Z

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ACTION ARA-17

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FM AMEMBASSY CARACAS

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EO 11652: N/ A

TAGS: ELAB, VE

SUBJECT: PARTIAL RESOLUTION OF LABOR PROBLEMS AT GENERAL MOTORS
PLANT

REF: CARACAS 9960, DEC 29, 1 972

SUMMARY: AFTER YEAR- LONG DISPUTE PROGRESS AT LAST BEING IN
RESOLVING

LABOR PROBLEM AT GM ASSEMBLY PLANT IN CARACAS. WORKERS ARE GIVING
EFFECTIVE SUPPORT TO LABOR LAWYER ESCARRA WHO HAS NEGOTIATED
SETTLE-

MENT OF PENDING ISSUES. MAJOR ISSUE OF RETROACTIVITY AND A NEW
CONTRACT STILL TO BE NEGOTIATED BUT CHANCES FOR SETTLEMENT ARE
IMPROVED. END SUMMARY

1. UNION LAWYER HERMANN ESCARRA AND GENERAL MOTORS INDUSTRIAL
RELATIONS OFFICIAL CONFIRMED TO EMBASSY THAT AGREEMENT SIGNED
MAY 10 RESOLVING LAST OF FOUR PROBLEMS WHICH HAVE PLAGUED COMPANY'
S

LABOR RELATIONS FOR PAST YEAR. FOUR POINTS AT ISSUE WERE DUE TO
DIFFERING INTERPRETATIONS OF ARBITRAL AWARD OF DECEMBER 1972.

2. SIGNIFICANTLY, THE ONE MAJOR PROBLEM WHICH GM HAS WITH THE
ARBITRAL AWARD AND WHICH POSES SERIOUS PROBLEMS FOR THEM AS WELL
AS FOR OTHER FOREIGN AND NATIONAL COMPANIES, WAS LEFT PENDING FOR
STILL FURTHER NEGOTIATIONS . THE DECEMBER 10 ARBITRAL AWARD
DECLARED

THAT MONETARY VALUE OF FRINGE BENEFITS GRANTED TO WORKERS MUST BE
CONSIDERED AS PART OF SALARY FOR CALCULATION OF OVERTIME AND
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RETIREMENT AND THAT PAYMENT OF THESE ADDITIONAL BENEFITS MUST BE MADE RETROACTIVELY. THE IMPLEMENTATION OF THIS RETROACTIVE PROVISION, AND THE PERIOD OF TIME INVOLVED, IS STILL UNRESOLVED.

3. GM'S CURRENT THREE- YEAR COLLECTIVE CONTRACT EXPIRES TODAY, MAY 11, BUT TERMS WILL REMAIN IN FORCE UNTIL NEW CONTRACT IS SIGNED. PART OF SETTLEMENT ARRANGED MAY 10 WAS THAT NEGOTIATIONS FOR NEW COLLECTIVE CONTRACT AND ON RETROACTIVITY PROVISION OF ARBITRAL AWARD WILL COMMENCE AFTER PRODUCTION RETURNS TO "NORMAL" LEVELS. COMPANY CLAIMS THAT DUE TO LABOR SLOWDOWN PRODUCTION STILL ONLY 55-60 PERCENT. UNION OFFICIAL CONFIRMS WORKERS ARE TAKING STEPS TO RETURN PRODUCTION TO NORMAL.

4. VENEZUELAN GOVERNMENT APPARENTLY SUFFICIENTLY IMPRESSED BY IMPLICATIONS OF RETROACTIVITY AWARD OF GM ARBITRATION FOR ECONOMY AS A WHOLE THAT IT HAS MADE CLEAR THAT GM CASE IS NOT A PRECEDENT. GOVERNMENT LABOR OFFICERS HAVE REFUSED TO ACCEPT LABOR COMPLAINTS FROM OTHER UNIONS BASED ON TERMS OF GM AWARD. HOWEVER, LEADERS OF FORD AND CHRYSLER PLANTS HAVE INDICATED THAT THEY WILL ATTEMPT NEGOTIATE SIMILAR PROVISION IN NEXT COLLECTIVE CONTRACT.
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